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**STATE OF WISCONSIN
DEPARTMENT OF EMPLOYEE TRUST FUNDS
801 West Badger Road
Madison, WI 53702**

CORRESPONDENCE MEMORANDUM

DATE: March 21, 2003

TO: Employee Trust Funds Board

FROM: Marcia Blumer, Program Manager
Employee Reimbursement Accounts (ERA) Program

SUBJECT: Program Update

The following is a brief update on the Employee Reimbursement Accounts (ERA) program and the Qualified Transportation Benefit program. No Board action is required.

Annual ERA Enrollment Results

The recently completed enrollment period for the 2003 ERA plan year resulted in an increase in participation and contributions over last year. A total of 10,365 employees enrolled in the ERA program, an increase of about 780 participants. Of those who enrolled, 2,006 elected a dependent care reimbursement account and 9,478 elected a medical expense reimbursement account. The projected annual contributions total approximately \$17,977,600 with \$7,479,900 to be used for dependent care accounts and \$10,497,700 for medical expense accounts. Contributions to the ERA program resulted in savings of State, Federal, and FICA taxes for participating employees. The State will also realize FICA savings on participant contributions of approximately \$1,375,286.

Commuter Benefits Program

The Commuter Benefits program started enrollment in August 2002 for the first coverage month of October 2002. Participation has gradually increased from 909 in October to over 1,200 in March with contributions averaging around \$76,000 each month. Similar to the ERA program, participating employees save on State, Federal and FICA taxes, while employers realize a FICA savings.